

# THE LEONARD LETTER

May 31, 2005

## QUOTE OF THE WEEK

*"I just wanted to speak to you about something from the Internal Revenue Code. It is the last sentence of section 509A of the code and it reads: 'For purposes of paragraph 3, an organization described in paragraph 2 shall be deemed to include an organization described in section 501C-4, 5, or 6, which would be described in paragraph 2 if it were an organization described in section 501C-3.' And that's just one sentence out of those fifty-seven feet of books."*

--- Ronald Reagan (1911-2004) 40th U.S. President

## UNDER THE DOME

### \*\*\*Hollywood Histrionics\*\*\*

In a speech at U.C. Berkeley, actor Warren Beatty offered scathing commentary on Governor Schwarzenegger's job performance. His criticism made national news and people questioned whether he would throw his hat into the ring for public office. He said he does not want to be Governor himself. It is a shame that Beatty would include such negativity into what should have been an uplifting and encouraging commencement speech. Perhaps the next time he prepares remarks for a graduation ceremony, he might reference this quote by President Teddy Roosevelt: "It is not the critic who counts...not the man who points out how the strong man stumbled or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena; whose face is marred by dust and sweat and blood; who strives valiantly; who errs and comes short again and again; who knows the great enthusiasms, the great devotions, and spends himself in a worthy cause; who, at the best, knows the triumph of high achievement; and who, at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who knew neither victory nor defeat."

### \*\*\*Janice Rogers Brown\*\*\*

Now that the U.S. Senate has confirmed Judge Owen, it will be faced with the President's nomination of California Supreme Court Justice Janice Rogers Brown to a higher bench. Given that context, it is no wonder that Los Angeles Times coverage of a recent speech she delivered for a Red Mass event drew sharp criticism from someone who attended that speech. Joseph A. Tranfo, who runs Benedictblog.com, believes the Times "sorely misrepresented" Brown's remarks and specifically neglected to share with readers her intellect or humility, and the historical support for her position. Tranfo found Brown to be "profound," "thoughtful," and "erudite." Her speech asked whether Abraham Lincoln would still consider the U.S. to be "the last best hope of Earth." In doing so, she reflected on our nation's religious roots and cited numerous historians, scholars and philosophers on the subject, noting that our current culture basks in secularism, not religious conscience. She said, "When we move away from that, we change our whole conception of the most significant idea that America has to offer, which is this idea of human freedom and the notion of liberty." Tranfo says the Times missed the depth of Justice Brown's remarks and lowered her "profound presentation down to the level of a partisan political spitball fight." Visit [http://benedictblog.com/archives/2005/04/my\\_breakfast\\_wi.php](http://benedictblog.com/archives/2005/04/my_breakfast_wi.php) to read more.

### \*\*\*What Term Limits Have Wrought\*\*\*

I was recently asked my opinion about the effects of term limits by a college student doing a term paper. She wondered whether lengthening term limits would be helpful. I conceded that allowing more terms would be helpful, but that the rank and file legislators are trying extra hard to get up to speed knowing that their time is so limited.

When I served as an Assembly Fellow in 1969-1970, Sacramento was a collegial place. Legislators of all parties socialized together and left the policy difference under the dome. They took the time to get to know each other personally and those friendships enabled them to understand a colleague's politics, philosophies, district needs and policy preferences. That knowledge and those relationships enabled legislators to work together to solve problems. For the most part, those relationships no longer develop. With only six years in the Assembly and eight in the Senate, they do not have the time to build relationships.

Unlike the fears offered when term limits were on the ballot, neither staff nor lobbyists have taken over the legislature. In fact, many experienced staff have left rather than deal with the headaches of an amnesiac system with no one at the helm. Many lobbyists find it overwhelming to get to know so many new legislators every two years. Term limits have not lessened the role of money in politics. They have not made legislators focus on the business of the state, nor the interests of their constituents. They have not improved public policy or the state's financial situation. And I believe they have let voters off the hook for holding their elected officials accountable because they know they will just be out of the seat in a few, relatively short years.

## **MONEY MATTERS**

### **\*\*\*Wanted: Traveling Tax Volunteers\*\*\***

The Organization for Economic Cooperation and Development has identified so-called tax havens around the world. I do not know if this list is for encouraging investment in these places or if this is a bad thing. Democratic Assemblyman Ira Ruskin thinks it is a bad thing and has proposed raising the taxes on anyone who reports they have investments in these countries. Some of these places certainly seem poor by American standards so penalizing investors could be very harmful to their growth. I do know that a number of these places have some of the best scuba diving in the world, and for that reason alone I volunteer to travel the world checking out these so-called tax havens. Are there any other volunteers to visit the following "tax havens"?: Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Cyprus, Dominica, Gibraltar, Grenada, Guernsey, Isle of Man, Jersey, Liberia, Liechtenstein, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands Antilles, Niue, Panama, St. Christopher and Nevis, St. Lucia, St. Vincent and the Grenadines, Samoa, San Marino, Seychelles, Turks and Caicos, U.S. Virgin Islands, Vanuatu. What a wonderful world it would be if California were on a list of tax havens.

### **\*\*\*Fraud Warning\*\*\***

You know that government has become too complex when private companies pop up offering to help you comply with regulations. Sometimes you need help, but sometimes it is just a scheme. If you have a corporation, especially a small one, you are being targeted by unscrupulous groups who want to scare you into thinking you have gotten on the wrong side of the state. These groups send official-looking notices saying that your corporation has not filed the appropriate minutes or other paperwork. If you sent them \$100, they will do the filing for you and put you in good standing with the state. In tiny type is a disclosure that the notice is not from a government agency, but that is not the emphasis. At least one other state is prosecuting one of these groups, the Corporate Compliance Center, and other states are considering such action. The lesson is twofold: 1) keep track of your records and file everything you need with the government, and 2) be wary of anything you receive in the mail that looks to be from the government and read the small print on it.

## **MISCELLANY**

## **\*\*\*A Good Read\*\*\***

Some of the books I have recommended here are serious works of political philosophy, which is not everyone's cup of tea. This week's book is politically profound without being overbearing. John Stossel's "Give Me a Break: How I Exposed Hucksters, Cheat and Scam Artists and Became the Scourge of the Liberal Media" is a fun romp though this reporter's career, but it also provides a down-to-earth explanation of the limited government philosophy. Stossel arrived at his libertarian approach to public policy by seeing the unintended effects of regulation up close and personal. He walks through his philosophical journey with specific examples that are entertaining and informative. "Give Me a Break" is a quality beach blanket read that will help you better understand your own political views.

## **BOE AND LEGISLATIVE DATES**

**June 2, 2005** --- Tax seminar for Nonprofit and Tax Exempt Organizations in Santa Clarita.

**June 7-8, 2005** --- BoE meets in Culver City.

**June 15, 2005** --- Budget bill must be passed by midnight.

**June 16, 2005** --- Tax seminar for Nonprofit and Tax Exempt Organizations in Bakersfield.

**June 30-July 1, 2005** --- BoE meets in Sacramento.

**July 4, 2005** --- Independence Day.

**July 15, 2005** --- Legislature's summer recess begins, provided the Budget bill has been enacted.

## **NOTABLE DATES/ HISTORY**

**May 30, 1854** --- President Franklin Pierce signs the Kansas-Nebraska Act, expanding slavery into U.S. territories. Opponents of the measure united to form the Republican Party.

**May 31, 0070** --- Rome captures the first wall of the city of Jerusalem.

**May 31, 1775** --- First local resolution for independence was passed by Mecklenburg, North Carolina, declaring British laws null and void.

**May 31, 1917** --- The first jazz record was released (Dark Town Strutters Ball).

**June 1, 1638** --- The first earthquake recorded occurred in what would become the U.S. in Plymouth, Mass.

**June 1, 1843** --- Sojourner Truth left New York to begin her career as an antislavery activist.

**June 1, 1963** --- Alabama Governor George Wallace announced defiance of court order issued by federal judge Frank Johnson to integrate University of Alabama.

**June 2, 1924** --- U.S. citizenship was granted to all American Indians.

**June 3, 1948** --- The 200-inch telescope at the Mount Palomar observatory was dedicated.

**June 4, 1892** --- The Sierra Club was incorporated in San Francisco.

**June 4, 1942** --- The Battle of Midway began. It was Japan's first major defeat in WW II.

**June 4, 1989** --- Chinese soldiers opened fire on student protesters in Tiananmen Square, killing many and sending thousands to jail.

**June 5, 1968** --- Senator Robert Kennedy was shot and mortally wounded by Sirhan Bishara Sirhan in Los Angeles.

**June 5, 1977** --- The Apple II personal computer went on sale.

**June 5, 2004** --- Former President Ronald Reagan died at his Los Angeles home at age 93.

## GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## HOW TO CONTACT ME

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